RABINOWITZ, LUBETKIN & TULLY, LLC

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UNITED STATES BANKRUPTCY COURT EASTERN DISTRICT OF NEW YORK

In re:

Case No. 18-75807

BIG APPLE ENERGY, LLC,

Chapter 11

Debtor.

Honorable Alan S. Trust

<u>VERIFIED APPLICATION FOR ORDER DIRECTING JOINT ADMINISTRATION</u> <u>PURSUANT TO BANKRUTPCY RULE 1015(B)</u>

TO THE HONORABLE ALAN S. TRUST THE UNITED BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF NEW YORK, CENTRAL ISLIP VICINAGE

The Verified Application of Big Apple Energy, LLC as debtor/debtor-in-possession ("Big Apple"), respectfully represents as follows:

- 1. On August 27, 2018, Big Apple and its affiliate Clear Choice Energy, LLC ("Clear Choice") (collectively, the "Debtors"), filed Voluntary Petitions pursuant to the provisions of the United States Bankruptcy Code.
- 2. The Debtors have their principal places of business at 100 Crossways Park Drive West, Suite 405, Woodbury, NY 11797.
- 3. Both of the Debtors are limited liability companies owned one hundred percent (100%) by BAE Energy Management, LLC. Victor Ferreira in his capacity as manager of BAE Energy Management, LLC controls the day to day financial affairs of both Debtors.

- 4. The Debtors are in the business of providing utility service such as gas and electricity to wholesale customers, who in turn provide utility service to end users. Further, the Debtors provide financing for the purchase of utility service to some of its customers and to independent third-party wholesale utility service purchasers who buy from others.
- 5. The Debtors' assets are subject to secured debt due and owing to Macquarie Investments US Inc. ("Macquarie"), and to Penta Mezzanine SBIC Fund I, L.P ("Penta").
- 6. The Debtors owe Macquarie approximately Twenty One Million Dollars (\$21,000,000) as of the commencement of the bankruptcy proceedings. The Debtors owe Penta approximately Four Million Dollars (\$4,000,000) as of the commencement of the bankruptcy proceedings.
- 7. Without having had the benefit of a detailed analysis of the value of the Debtors' assets compared to the outstanding amounts of their secured claims, it is believed Macquarie is fully secured, and Penta is partially unsecured.
- 8. The Debtors' bankruptcy filings were commenced on an emergent basis as a result of a decision made late in the evening on Wednesday, August 22, 2018 by Macquarie, giving Debtors' counsel limited time to prepare the information necessary to commence the Chapter 11 cases.
- 9. Pursuant to 11 U.S.C. § § 1107 and 1108, the Debtors are authorized to continue to operate their businesses and manage their affairs as debtors-in-possessions.
- 10. No trustee has been appointed herein and no official committee has been appointed herein.
- 11. Federal Rule of Bankruptcy Procedure 1015(b)(4) authorizes the entry of an order for joint administration of cases involving a debtor and its affiliate.

- 12. The Debtors are affiliates within the meaning of the Bankruptcy Code and filed related Chapter 11 cases in recognition of that reality. BAE Energy Management, LLC is the sole member of each of the Debtors, and Victor Ferreira as manager of such sole member is the individual who controls the financial affairs of the Debtors. As such, the Debtors are affiliated as that term is defined pursuant to 11 U.S.C. § 101(2).
- 13. Further, the Debtors are inter-related companies that operationally share, *inter alia*, administrative resources, senior management and have liability to Macquarie and Penta. These inter-relationships provide a proper predicate for joint administration of the Debtors' Chapter 11 cases for procedural purposes.
- 14. Additionally, the Debtors' respective Chapter 11 filings all emanate out of their relationships with Macquarie, the acceleration by Macquarie of the Debtors' pre-petition indebtedness, and the desire of Macquarie to allow further financing only via a debtor-in-possession facility approved by the court only in connection with the commencement of bankruptcy cases.
- 15. Entry of the proposed order directing joint administration for procedural purposes will obviate the need for duplicate notices, applications, motions, and orders throughout the proceedings, thereby saving unnecessary time and expense. The Court will also be relieved of the burden of making duplicate orders and keeping duplicate files. Further, supervision of the administrative aspects of the Chapter 11 cases by the Office of the United States Trustee will be streamlined.
- 16. Nevertheless, for ease of review, each of the Debtors shall file its own separate monthly operating report, and each of the Debtors will pay separate quarterly fees pursuant to 28 U.S.C. § 1930.

- 17. In light of the foregoing, the Debtors, their creditors and equity interest holders would be best served by joint administration of these cases for procedural purposes.
- 18. Significantly, the substantive rights of the respective creditors of the Debtors will not be adversely affected by joint administration of the cases for procedural purposes since no substantive consolidation will occur. This Verified Application requests only joint administration for procedural purposes.
- 19. The Debtors propose that the bankruptcy proceeding of Big Apple Energy, LLC Case No. 18-75807, will constitute the lead case.
- 20. Notice of the within Motion is being provided to the Debtor's secured creditors, its 20 largest unsecured creditors, and the United States Trustee's Office.

WHEREFORE, the Debtors seek the entry of an order pursuant to Bankruptcy Rule 1015(b) directing joint administration of these related cases among affiliates, together with such other and further relief as is just and proper.

Dated: August _ O _ ___, 2018 Livingston, New Jersey

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VERIFICATION

Victor Ferreira, of full age, certifies as follows:

- I am the manager of BAE Energy Management, LLC which is the sole member of Big Apple Energy, LLC and Clear Choice Energy, LLC (the "Debtors") and I am authorized to execute this Verification on behalf of the Debtors. I have full knowledge of the facts set forth herein, except where such facts are alleged upon information and belief.
- 2. I have read the Verified Application and certify that the statements contained therein are true based upon my personal knowledge, information and belief.
- 3. I am aware that if any of the factual statements contained in the Verified Application are willfully false, I am subject to punishment.

VICTOR FERREIRA

Dated: August 27, 2018